

## Group Procurement Policy

The purpose of this policy is the definition of a set of rules governing procurement (the purchase of goods and services). These rules principally ensure the prevalence of transparency, integrity, fair competition and accountability throughout the execution of the process. To this extent, the policy aims to maximize the value of expenditure on products and services, always within a fair, lawful and ethical framework.

Another key objective of this policy is to showcase our corporate values, attitudes, competencies and behaviour that determine BOC's commitment and style of compliance with internal and external rules and regulations.

This Policy applies for all BOC units and subsidiaries in Cyprus and abroad (i.e. registered in other countries), wishing to purchase products or services or to outsource services or activities.

Tenders Committee maintains the overall responsibility for monitoring the implementation and effectiveness of this policy in cooperation with Group Procurement.

The principles governing the procurement process (purchase of goods and services) are organized in three main groups: -

### **A. General principles**

1. **The Procurement process.** All required purchases must follow the provisions of the Group's Procurement Process.
2. **Cost – Quality – Efficiency.** Received proposals from potential Supplier/Service Providers in response to BOC's corresponding requests, should not be judged solely on the basis of economic competitiveness, but should be taking into consideration factors such as the quality of the goods / services (fit to serve the purpose) and the Supplier/Service Providers ability to perform.
3. **Accountability (reporting and recording/archiving).** Any parties responsible for the execution of a purchase are obliged to report through Group Procurement to the competent Approving Authority. Group Procurement must maintain all corresponding procurement instances' records (purchase requests, tenders documentation, approvals, and awarded contracts).
4. **Conflict of Interest.** Cases of conflict of interest relating to the business activities of the Group, or where a close relation exists between interested parties and persons involved in the process must be declared in accordance with the relevant Group policy.
5. **4-eyes principle.** The technical and business requirements specification must be developed by a team of qualified people (minimum 2 persons per discipline) possessing relevant expertise. The same principle applies at the proposals' evaluation stage, as well as during the award stage, and while executing the subsequent contract lifetime's procurement activities. .
6. **Reciprocity.** Synergies of mutual benefit which arise out of the Group's business relationships with its Supplier/Service Providers must be leveraged. It is also essential for effective controls along with relevant evaluation criteria for potential Supplier/Service Providers; these should be aiming the development of healthy and mutually beneficial business relationships, and by no means crossing the boundaries of ethical practices, the competition laws, or relevant regulations.

## B. Vendor management (selection, engagement, appraisal)

1. **Suppliers Catalogue.** Compilation and management by category of service or product. Pre-selection process must use defined criteria regarding capacity, capability, consistency, effectiveness, experience, current or previous cooperation and reciprocity.
2. **Selection.** A structured assessment and, where appropriate, vendor due diligence must be executed prior to selecting a Supplier/Service Provider. This is done before accepting any proposal or signing any contract, as a key part of a vendor's assessment or the tenders' evaluation where Privacy Matters are also taken into consideration.
3. **Engagement.** A Supplier/Service Provider is engaged for the supply of goods or services through a legal contract.
4. **Protection of Bank Data.** Suppliers must be contractually obligated to take appropriate and evidenced measures in order to meet the following non-negotiable objectives:
  - To protect Group's and its customer's data in compliance with the bank secrecy provisions as defined in the Law, GDPR and /or any other related regulation or laws that may apply.
  - To inform BOC immediately of any detected, suspected, or attempted security breaches related to Bank Data.
5. **Privacy assessment:** In case the Supplier/Service Provider processes personal data of the Bank's clients or employees, it should be safeguarded that they properly apply the GDPR principles throughout the contract relationship-lifecycle. Structured assessments utilised warrant that only Suppliers that provide sufficient guarantees in regards to safeguarding the Bank's or third parties' personal data are being on boarded. The Supplier/Service Provider must be contractually obligated to meet such important privacy objectives in order to ensure the Bank only uses Suppliers which have demonstrated proven ability or willingness to implement the required actions to support and implement appropriate safeguards to comply with GDPR and BOC data privacy policies.
6. **Performance and Risk monitoring.** Supplier/Service Provider performance must be regularly appraised on the basis of meeting their contractual objectives.
7. **Strategic partnerships.** Development of healthy partner-like relationships with major Supplier/Service Providers for regular consultation and procurement planning, leading to enhanced efficiencies as well as to improved quality of purchased goods and services.
8. **Mitigating concentration risk.** Protecting the Group against dependence on one specific, or on a limited number of Supplier/Service Providers. When procuring, the minimum number of potential SPs is set at three (3). Monopolistic purchases when unavoidable must be duly justified as part of the expenditure approval process

## C. Sourcing (direct, or through tenders)

1. **Protection against dependence on specific, or on a limited number of, suppliers.** The minimum number of suppliers is set at three (3), provided that all necessary steps have been taken to find and invite a greater number of potential capable suppliers. In this way over- dependence of the bank on a limited number of suppliers (or on specific suppliers) is avoided.
2. **Confidentiality.** Any information provided to the potential Supplier/Service Providers, during the sourcing process, must be protected in accordance with the relevant Group Non-Disclosure Agreement. Equally important remains BOC's responsibility to protect confidential and business-sensitive information included in a prospective Supplier/Service Provider's proposal from inappropriate access and/or misuse.

3. **Fair Competition.** Potential SPs must be treated fairly, by securing neutral definition of specifications which focus on best meeting BOC's needs or business requirements. The same level of information and support must be provided to all contestants in the preparation of tenders.
4. **Evaluation – award.** The evaluation of tenders must be transparent and be using standardized methods based on accepted industry practices. The integrity of the evaluation weighting structure and criteria must be assured through the employment of necessary controls before the invitation to tender is issued, and maintained as such throughout the process. At the highest level the proportional rule of 30% to 70% as regards the weight of financial criteria to technical criteria respectively should apply. The award should always be made by the competent Approving Authority, upon submission of a detailed proposal (evaluation report) through GP.

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